



STATE OF ALABAMA
DEPARTMENT OF EDUCATION



Eric G. Mackey, Ed.D.
State Superintendent of Education

February 2, 2026

MEMORANDUM

TO: City and County Superintendents

FROM: Eric G. Mackey *EGM*
State Superintendent of Education

SUBJECT: Indirect Cost Proposal for Fiscal Year 2027 (10/1/2026-9/30/2027)

The U. S. Department of Education, Office of the Chief Financial Officer, Indirect Cost Group, has delegated the responsibility of establishing Alabama’s Local Education Agency (LEA) Indirect Cost Rates to the Alabama State Department of Education and has approved and accepted the methodology.

The forms and instructions for compiling your indirect cost proposal are located on our Microsoft TEAMS channel, LEA Accounting and Reporting, Indirect Cost, Files. The 2025 General Purpose Financial Statements (GPFS) must be approved before application for the 2027 Indirect Cost Rates can be made. Please click the applicable form here: [FY27 Certificate of Indirect Costs](#) or [FY27 IDC Non-Participation Form](#).

Fixed rates with adjustment for the difference in estimated (2023 adjusted GPFS) and actual recovery (2025 adjusted GPFS) are to be established on an annual basis. The 2027 rate calculation pages reflect carry-forward adjustments. Any negative rate calculations were negotiated as 0% for 2025. Any excess negative rate calculations will not be carried forward in the 2027 calculation.

The 2027 Indirect Cost Proposals should be submitted as soon as possible, **but no later than March 1, 2026.**

A copy of the approved application will be emailed to you.

Questions may be directed to your system accountant at (334) 694-4617.

EGM/NS/RB

cc: Chief School Financial Officers

FY26-3007

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